Supreme Court, U.S.
FILED

03 234 AUG 11 2003

No. ___

IN THE

Supreme Court of the United States

DR. SAKHARAM D. MAHURKAR,
Petitioner,

v.

NIRO, SCAVONE, HALLER & NIRO AND C.R. BARD, INC,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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PETITION FOR A WRIT OF CERTIORARI

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50 pp

QUESTIONS PRESENTED

The Anti-Injunction Act, 28 U.S.C. 2283, provides in part: "A court of the United States may not grant an injunction to stay proceedings in a State court except * * * where necessary * * * to protect or effectuate its judgments." In this case, petitioner brought a state court malpractice claim against the attorney who had represented him in prior federal litigation. The attorney, asserting that rulings entered in the federal litigation precluded petitioner's malpractice claim, obtained, from the federal district court, an injunction against petitioner's efforts to prosecute that claim in state court.

The questions presented are:

1. Whether the exception to the Anti-Injunction Act for injunctions "necessary * * * to protect or effectuate [the court's] judgments" permitted the district court to issue an injunction in favor of the attorney, who was not a party to the prior federal litigation or a beneficiary of any prior federal judgment.

2. Whether the district court had jurisdiction to grant such an injunction.

3. Whether the United States Court of Appeals for the Federal Circuit had jurisdiction over the appeal of the district court's order.

PARTIES TO THE PROCEEDING

The parties are identified in the caption. Respondent C.R. Bard, Inc., did not participate in the proceedings below in either the district court or the court of appeals.

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PETITION FOR A WRIT OF CERTIORARI

Dr. Sakharam Mahurkar respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The order of the court of appeals (Pet. App. 1a) is unreported. The written opinion of the district court (Pet. App. 2a-6a) is reported at 209 F. Supp. 2d 911. An earlier oral opinion of the district court (Pet. App. 7a-12a) is unreported. The opinions of the district court in prior related proceedings (Pet. App. 13a-15a; Pet. App. 16a-22a) are unreported.

JURISDICTION

The judgment of the court of appeals was entered on May 12, 2003. Pet. App. 1a. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1). The jurisdiction of the district court is addressed at pages 12-14, *infra*. The jurisdiction of the court of appeals is addressed at pages 14-16, *infra*.

STATUTES INVOLVED

The Anti-Injunction Act, 28 U.S.C. 2283, provides:

> A court of the United States may not grant an injunction to stay proceedings in a State court except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments.

28 U.S.C. 1295 provides in part:

> (a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—
>
> (1) of an appeal from a final decision of a district court of the United States * * * if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title * * *.

28 U.S.C. 1338 provides in part:

> (a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents * * *.

STATEMENT

1. Petitioner, Dr. Sakharam Mahurkar, is a nephrologist and a highly successful inventor of medical devices. See, *e.g.*, *In the Matter of Mahurkar Double Lumen Hemodialysis Catheter Patent Litigation*, 831 F. Supp. 1354, 1357-58 (N.D. Ill. 1993), aff'd, 71 F. 3d 1573 (Fed. Cir. 1995). Respondent Niro, Scavone, Haller & Niro ("Niro") is a law firm, one of

whose members, Raymond Niro, represented petitioner in litigation against respondent C.R. Bard, Inc.

In that litigation, petitioner first established that Bard infringed certain patents belonging to petitioner. *Mahurkar v. Bard*, No. 92 C 4803, 1993 WL 2594446 (N.D. Ill.), aff'd, 79 F. 3d 1572 (Fed. Cir. 1996) (*Bard I*). When Bard continued to infringe the patents, petitioner, represented by Niro, initiated a new suit against Bard. *Mahurkar v. Bard*, No. 96 C 1871 (N.D. Ill.) (*Bard II*). Petitioner sought enhanced damages, see 35 U.S.C. 284, and attorney's fees, 35 U.S.C. 285. *Bard II* was assigned to Judge Zagel of the United States District Court for the Northern District of Illinois, who had also presided over *Bard I*.

During the course of the *Bard II* litigation, a dispute over fees arose between Niro and petitioner. Ultimately, in August, 1996, petitioner discharged Niro as counsel. A835-36.[1] In the meantime, Niro had urged petitioner, in very strong terms, to settle the Bard litigation for single damages, forgoing attorney's fees and enhanced damages. See A367-68. In June 1996, petitioner signed a settlement offer, but Bard did not agree, and petitioner stated (in a document submitted to the district court by Niro) that no settlement had been reached. A804-05.

In November, 1996, Bard filed a motion with Judge Zagel to enforce a settlement that, it urged, had in fact been reached with petitioner in June. Judge Zagel concluded, after a hearing, that a settlement had been reached in June of 1996, and he dismissed all claims in *Bard I* and *Bard II*. Pet. App. 13a-15a. Judge Zagel noted that "this case is not free from difficulty and both sides have something to say. * * * Both sides have made decent arguments [and] this is not a case in which the testimony and the exhibits present a seamless web supporting only one result." Pet. App. 17a, 19a, 21a. His

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[1] "A" refers to the Appendix filed with the court of appeals.

ultimate conclusion relied in significant part on Raymond Niro's testimony that petitioner had authorized and agreed to a settlement. Pet. App. 19a-20a, 21a. Judge Zagel's order enforcing this settlement between petitioner and Bard and dismissing the *Bard* suits was affirmed on appeal, without opinion. *Marhukar v. Bard*, 155 F. 3d 574 (Fed. Cir. 1998), cert. denied, 525 U.S. 1106 (1999).

2. In October 1996—after Niro was discharged by petitioner but before Bard had sought to enforce the alleged settlement—Niro sued petitioner in the Circuit Court of Cook County, Illinois, seeking approximately $11.5 million in fees that Niro alleged petitioner owed from the *Bard* cases and from other litigation. A290-99. Petitioner later counter-claimed in state court against Niro, asserting that Niro committed malpractice in connection with the settlement of the *Bard* cases. A42-60. Specifically, petitioner alleged that Niro, after being discharged by petitioner, encouraged Bard's attorney to argue that a settlement had been reached and helped Bard's attorney construct Bard's argument in support of that claim. Petitioner sought, as damages, the attorney's fees and enhanced damages award that he would have obtained had the *Bard II* litigation proceeded to trial. See A59.

Three years after petitioner's malpractice counterclaim was filed, Niro applied to Judge Zagel, in the Northern District of Illinois, for an injunction barring petitioner from pursuing the major aspect of his malpractice counterclaim in state court. Niro did not bring an independent action for an injunction but instead styled this application as a "motion" in the *Bard II* litigation.[2]

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[2] Motion of Niro, Scavone, Haller & Niro and Raymond P. Niro To Enjoin Further Proceedings By Sakhamam D. Mahurkar Inconsistent With The Court's July 10, 1997 Judgment, *Mahurhar v. Bard*, Civ.

The district court granted Niro's motion in part. The district court asserted: "There is no question that I have jurisdiction in this matter pursuant to the Anti-Injunction Act, 28 U.S.C. §2283, which permits a district court to enjoin a state court proceeding to 'protect or effectuate its judgments.'" Pet. App. 3a n. 1. The court acknowledged that "the injunction would be in favor of Niro, who was not a party to [the Bard litigation.]" *Id.* at 3a n. 2. But the district court asserted that "[t]here is no prohibition on non-mutual issue preclusion in the Anti-Injunction Act" (*ibid.*). Accordingly, the court ruled, the fact that Niro was not a party "does not prevent Niro from seeking its injunction." *Ibid.* The district court then enjoined petitioner "from claiming in the state court proceedings that [petitioner] and Bard did not reach a settlement of [the Bard litigation]" (*id.* at 5a). The district court further enjoined petitioner "from claiming that he did not understand, agree to or authorize the settlement of" that litigation. *Ibid.*

Petitioner appealed the district court's ruling to the United States Court of Appeals for the Seventh Circuit. The Clerk of the district court transferred the case to the Federal Circuit. Petitioner moved to transfer the case back to the Seventh Circuit on the ground that the Federal Circuit lacked jurisdiction over the appeal. The Federal Circuit ordered that the jurisdictional issue be considered with the merits. A1072. The Federal Circuit then summarily affirmed the judgment of the district court, without ruling explicitly on the Anti-Injunction Act or jurisdictional issues. Pet. App. 1a.

REASONS FOR GRANTING THE PETITION

This case presents an important and recurring question about the scope of the Anti-Injunction Act, 28 U.S.C. 2283.

Action Nos. 96 C 1871, 92 C 4803 (N.D. Ill. Feb. 14, 2002) (hereinafter "Niro Motion").

That Act, which generally forbids federal courts to issue injunctions that interfere with ongoing state proceedings, contains an exception for injunctions that are "necessary * * * to protect or effectuate [the federal court's] judgments." In this case, the district court interpreted that exception to permit Niro to obtain an injunction against petitioner's state court malpractice claim, even though Niro was not a party to any prior federal judgment.

The district court's ruling, which was affirmed by the court of appeals, was erroneous. It cannot be squared with the language of the Anti-Injunction Act. The prior federal judgment was fully "effectuate[d]" without the aid of an injunction—Bard had the benefit of that prior judgment and would retain it no matter what happened in petitioner's malpractice action—and that judgment did not need any "protect[ion]" from petitioner's malpractice action, which did not seek to, and could not, obstruct the implementation of that judgment in any way.

Beyond that, the district court's ruling is inconsistent with a fundamental principle of judicial federalism: that a state court litigant who has a federal defense to a state claim must, except in extraordinary circumstances, assert that claim in the state proceedings rather than bypassing the state proceedings by obtaining an injunction from a federal court. Niro's defense of issue preclusion was no different from any other federal defense. The state courts were fully able to consider it; they are "presumed competent to resolve" it (*Chick Kam Choo v. Exxon Corp.*, 486 U.S. 140, 150 (1988)); and requiring Niro to litigate this issue in state court would not have imposed any unreasonable burden on him.

The district court's erroneous interpretation of the Anti-Injunction Act also led it to assert jurisdiction when it had none. In some circumstances, a district court has ancillary jurisdiction to enter orders that are needed to ensure that its judgments will be enforced, and Niro sought to

invoke that jurisdiction. But this form of ancillary jurisdiction unquestionably does not extend to a claim by a party who, like Niro, is not a beneficiary of any judgment.

Although the decision below is seriously mistaken, it is not an outlier. Several other courts of appeals—although not all—have taken the same incorrect approach to the Anti-Injunction Act. That approach is perhaps encouraged by language in this Court's opinions that has been taken out of context by several lower courts; those courts have misinterpreted this Court's statements as authorizing them to use the "necessary to protect or effectuate judgments" exception as a basis for displacing the state courts whenever a state court defendant raises a claim of preclusion based on a prior federal judgment. That interpretation of the Anti-Injunction Act is thoroughly misconceived. Further review is therefore warranted.

In addition, the United States Court of Appeals for the Federal Circuit lacked jurisdiction over petitioner's appeal from the district court's order. Recent decisions of this Court have emphasized the limited scope of the Federal Circuit's jurisdiction, which exists only when "the action arises under federal patent law." *Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 829 (2002). It is clear that petitioner's request for an injunction did not arise under federal patent laws, and the Seventh Circuit, not the Federal Circuit, should have heard petitioner's appeal. For this reason, too, this Court's review is warranted.

I. The District Court's Order Violated The Anti-Injunction Act.

1. The Anti-Injunction Act generally forbids federal courts from granting injunctions against state court proceedings.[3]

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[3] There is no question that the Anti-Injunction Act applies to injunctions directed to the parties to state court litigation rather than to the

The district court relied on the exception to the Anti-Injunction Act for injunctions "necessary * * * to protect or effectuate [the court's] judgments." But the very terms of that exception demonstrate that it does not apply here. The only relevant judgment entered by the district court was a judgment in the litigation between petitioner and Bard, and petitioner's malpractice claim did not in any way threaten that judgment. Nothing that happened in state court could possibly have impaired the interests of Bard, the beneficiary of that judgment. Indeed, Bard, which had notice of Niro's effort to seek an injunction, did not even appear in the proceedings below. The malpractice claim did, of course, potentially affect Niro's interests. But Niro had no rights at all under the district court's prior judgment and no basis for invoking an exception limited to "effectuat[ing]" and "protect[ing]" that judgment.

The district court recognized that Niro was not a party to the prior federal litigation and was not a beneficiary of the judgment. But the court ruled that this was immaterial because "[t]here is no prohibition on non-mutual issue preclusion in the Anti-Injunction Act." Pet. App. 3a n. 2. The district court thus appears to have treated the "necessary to protect and effectuate judgments" exception as if it simply embodied the defenses of claim preclusion and issue preclusion (or res judicata and collateral estoppel, as they are also called); since nonmutual issue preclusion is generally

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state courts themselves. *Atlantic Coast Line R.R. Co. v. Brotherhood of Locomotive Eng'rs*, 398 U.S. 281, 287 (1970); *County of Imperial v. Munoz*, 449 U.S. 54, 58-59 (1980). It is also clear that the Act's strictures "cannot be evaded" (*Atlantic Coast Line R.R. Co.*, 398 U.S. at 287) by framing the injunction as one that nominally allows a party to press a claim in state court while forbidding the party to advance its arguments, as the district court did here. See, *e.g.*, *Hill v. Martin*, 296 U.S. 393, 403 (1935) (Brandeis, J.) (The term "proceedings" "is comprehensive. It includes all steps taken or which may be taken in the state court * * * from the institution to the close of the final process.")

accepted in the federal system, the district court reasoned, there is no obstacle to a non-party's invoking the exception to the Anti-Injunction Act.

The district court and the court of appeals below are not alone in taking this view; certain other courts of appeals have interpreted the "necessary to protect and effectuate judgments" exception in the same way. See *Thomas v. Powell*, 247 F. 3d 260, 262-63 (D.C. Cir.), cert. denied, 534 U.S. 951 (2001); *Staffer v. Bouchard Transp. Co.*, 878 F. 2d 638, 644-45 (2d Cir. 1989). These courts, like the courts below, treat the exception to the Anti-Injunction Act as if it were phrased to allow an injunction when necessary to enforce "traditional preclusion principles" (*Thomas*, 247 F. 3d at 262).

But that is not what the Anti-Injunction Act says. It does not refer to "traditional preclusion principles." It does not say that a district court may enter an injunction to ensure that proper preclusive effect is given to its findings of fact or conclusions of law. It does not single out defenses based on preclusion and say that those defenses, unlike others, may be the basis for a federal injunction against state court proceedings. It does not use the terms "preclusion," "res judicata," or "collateral estoppel." The Act speaks of the protection and effectuation of judgments. If a state court proceeding does not threaten to interfere with the implementation of a judgment—and petitioner's malpractice claim unquestionably did not—that proceeding cannot be enjoined under this exception to the Anti-Injunction Act.

2. There is no justification for treating the language of the Act casually, as if Congress's choice of the terms "protect and effectuate judgments" was a way of gesturing toward "traditional preclusion principles." This Court has repeatedly and explicitly rejected that approach to the Anti-Injunction Act: the exceptions to the Act, the Court has admonished, "are narrow and are 'not [to] be enlarged by loose statutory

construction.'" *Chick Kam Choo v. Exxon Corp.*, 486 U.S. 140, 146 (1988), quoting *Atlantic Coast Line R.R. Co. v. Brotherhood of Locomotive Eng'rs*, 398 U.S. 281, 287 (1970) (brackets in original). "[It is] clear beyond cavil that the prohibition [of the Anti-Injunction Act] is not to be whittled away by judicial improvisation." *Amalgamated Clothing Workers v. Richman Bros. Co.*, 348 U.S. 511, 514 (1955).

Perhaps more important, the language of the "necessary to protect or effectuate judgments" exception was carefully chosen to deal with a specific situation, one that is not present here. As the Court has explained, this exception was added to the Act in 1948 "to overrule this Court's decision in *Toucey v. New York Life Insurance Co.*, 314 U.S. 118 (1941), in favor of the understanding of prior law expressed in Justice Reed's dissenting opinion" in that case. *Parsons Steel, Inc. v. First Alabama Bank*, 474 U.S. 518, 524 (1986). In *Toucey*, parties who had lost in federal court initiated state court litigation against the very parties who had prevailed in federal court, on essentially the same claims. That state court litigation, had it succeeded, would have produced a judgment in direct conflict with the federal judgment. This Court, in *Toucey*, held that the unamended Anti-Injunction Act did not permit a federal court to enjoin such state litigation; Congress, persuaded by Justice Reed's dissent, amended the Act to overturn that holding.

The crucial feature of *Toucey* was that it was "the prevailing party in the federal action" who "sought an injunction against relitigation in state court" (*Parsons Steel*, 474 U.S. at 524). That feature is absent here. Congress overturned *Toucey* because the holding in that case undermined—as Justice Reed put it—"the power of a federal court to protect those who have obtained its decrees" against state court relitigation of "the same causes of action." *Toucey*, 314 U.S. at 141-42 (Reed, J., dissenting). The language Congress added was directed to precisely this situation—

where "those who have obtained [federal] decrees" are threatened with state litigation of "the same causes of action." Niro did not obtain any federal judgment, and it is not being forced to relitigate any cause of action. That is why the "necessary to protect and effectuate judgments" exception, read according to its plain language, did not permit the injunction in this case.

3. The district court's reading of the Anti-Injunction Act is not only inconsistent with its language; it is also inconsistent with one of the most fundamental principles of our judicial federalism. Many parties who are defendants in state court proceedings raise federal defenses to the state claim, as Niro did here. But a party in that position ordinarily must raise that defense in the state proceedings and not bypass the state judicial system by seeking an injunction in federal court. "[W]hen a state proceeding presents a federal issue, * * * the proper course is to seek resolution of that issue by the state court." *Chick Kam Choo*, 486 U.S. at 149-50. "Proceedings in state courts should normally be allowed to continue unimpaired by intervention of the lower federal courts, with relief from error, if any, through the state appellate courts and ultimately this Court." *Atlantic Coast Line R.R. Co.*, 398 U.S. at 287. That is true when the federal defense is based on the preemptive effect of a federal statute, see *id.* at 287; *Amalgamated Clothing Workers*, 348 U.S. at 514-16; it will normally be true even when the federal defense is based on the Constitution, see *Younger v. Harris*, 401 U.S. 37 (1971);[4]

[4] The policy against federal injunctions of state court proceedings is so strong that the Court announced a judicially-created rule forbidding federal injunctions against state enforcement actions (see *Younger*, 401 U.S. at 43-54) that operated in addition to any limits imposed by the Anti-Injunction Act (see 401 U.S. at 54). See *id.* at 43 (referring to "this longstanding public policy against federal court interference with state court proceedings."). The Court subsequently concluded that suits to enforce constitutional rights brought under 42 U.S.C. 1983 fall within the Anti-Injunction Act's exception for injunctions "expressly authorized" by

a fortiori, it should be true when the federal defense is based on nonmutual issue preclusion.

When state litigation threatens to reopen a federal judgment—when there is a risk that "a federal judgment entered perhaps after years of expense in money and energy * * * comes to nothing that is final" (*Toucey*, 314 U.S. at 144 (Reed, J., dissenting))—then an injunction may be warranted. But in this case there was no threat to the finality of the federal judgment. In these circumstances, Niro's collateral estoppel defense was no different from any other federal defense to a state law claim. As this Court "emphasize[d]" in a related context—specifically discussing preclusion defenses—that defense "is properly made in the state proceeding, subject to this Court's ultimate review." *Rivet v. Regions Bank*, 522 U.S. 470, 472 (1998).

II. The District Court Lacked Jurisdiction To Enter The Injunction.

Niro did not file a complaint in the district court; instead, it filed a "motion" in the previously dismissed *Bard* litigation.[5] The district court's assertion that "I have jurisdiction in this matter pursuant to the Anti-Injunction Act" (Pet. App. 3a n.1) is, of course, patently wrong, since the Anti-Injunction Act does not confer jurisdiction under any circumstances. The only basis of jurisdiction asserted by Niro—and the only possible basis on which the district court could have

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Congress, see *Mitchum v. Foster*, 407 U.S. 225, 243 (1972), but there is no suggestion that that exception is applicable here.

[5] The question of jurisdiction would ordinarily be addressed before the question whether the Anti-Injunction Act barred the district court's order. But because the district court explicitly hinged its jurisdiction on the applicability of the Anti-Injunction Act exception, we have addressed that question first. As we explain, the district court's erroneous assertion of jurisdiction is related to its mistaken interpretation of the Anti-Injunction Act.

jurisdiction over Niro's motion—would be some form of ancillary jurisdiction that would link Niro's prayer for relief to the *Bard* litigation, which had been properly before the district court before it was dismissed. See 28 U.S.C. 1367; *Kokkonen v. Guardian Life Ins. Co.*, 511 U.S. 375, 379-80 (1994); *Owen Equip. & Erection Co. v. Kroger*, 437 U.S. 365, 376 (1978).[6]

In fact, however, there was demonstrably no ancillary jurisdiction over Niro's motion. In cases where the "necessary to protect or effectuate judgments" exception truly applies, a district court will generally have what this Court has described as "ancillary enforcement jurisdiction." *Peacock v. Thomas*, 516 U.S. 349, 356 (1996). But this form of jurisdiction is—as the Court has repeatedly insisted—strictly limited in scope. It extends only to "what courts require in order to perform their functions." *Kokkonen*, 511 U.S. at 380. "Ancillary enforcement jurisdiction is, at its core, a creature of necessity." *Peacock*, 516 U.S. at 359. Unless the assertion of jurisdiction is "essential to the conduct of federal-court business" (*Kokkonen*, 511 U.S. at 381), a court may not assert this kind of jurisdiction. See also *Riggs v. Johnson County*, 73 U.S. 166, 187 (1868); *Wayman v. Southard*, 23 U.S. 1, 23 (1825) (Marshall, C.J.).

Jurisdiction over Niro's claim—an effort to enforce nonmutual issue preclusion in favor of a person who was not a party to any prior federal judgment—cannot, with any plausibility, be said to be "essential to the conduct of federal-court business." In both *Peacock v. Thomas, supra*, and *Kokkonen v. Guardian Life Ins. Co, supra*, the Court refused to allow lower courts to exercise ancillary enforcement

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[6] In its motion, the only bases of jurisdiction asserted by Niro were "28 U.S.C. §§2283 and 1637" (Niro Motion at 2). The reference to 28 U.S.C. 1637 is a typographical error (there is no such statute); 28 U.S.C. 1367, the supplemental jurisdiction statute, was obviously intended.

jurisdiction on behalf of parties who were the beneficiaries of federal judgments, and who were at serious risk of being denied the benefit of those judgments—parties who had far stronger claims to federal judicial protection than Niro does.

Ancillary enforcement jurisdiction does extend to "the exercise of a federal court's inherent power to enforce its judgments." *Peacock,* 516 U.S. at 356; see *Kokkonen*, 511 U.S. at 380. But as this Court specifically stated: "Our recognition of these supplementary proceedings has not, however, extended beyond attempts to execute, or to guarantee eventual executability of, a federal judgment." *Peacock*, 516 U.S. at 357. Niro is not attempting to execute nor to secure the executability of a federal judgment.

It follows that the district court below lacked jurisdiction. This erroneous assertion of jurisdiction—which is, in the way we have described, bound up with the lower courts' mistaken interpretation of the Anti-Injunction Act—also warrants further review.

III. The Federal Circuit Did Not Have Jurisdiction Over The Appeal.

The court of appeals erred by asserting jurisdiction over the appeal. The jurisdiction of the United States Court of Appeals for the Federal Circuit extends to "an appeal from a final decision of a district court of the United States * * * if the jurisdiction of that court was based, in whole or in part, on Section 1338" of Title 28. 28 U.S.C. 1295(a)(1); see 28 U.S.C. 1294(1). Section 1338 of Title 28, in turn, confers original jurisdiction over "any civil action arising under any Act of Congress relating to patents * * * ."

Niro's claim, of course, did not arise under any "Act of Congress relating to patents." As the Court has said, in a case involving the jurisdiction of the Federal Circuit: "[I]n order to demonstrate that a case is one 'arising under' federal patent law 'the plaintiff must set up some right, title or interest under

the patent laws, or at least make it appear that some right or privilege will be defeated by one construction, or sustained by the opposite construction of these laws.'" *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 807-08 (1988), quoting *Pratt v. Paris Gaslight & Coke Co.*, 168 U.S. 255, 259 (1897). Niro's claim, quite plainly, does not satisfy this test: it rested not on the patent laws but on the alleged preclusive effect of a prior judgment, and on Niro's alleged right to injunctive relief under the Anti-Injunction Act.

Niro, in filing a motion in the *Bard* litigation, sought to engraft its claim upon the *Bard* cases, which did arise under the patent laws (although they had long since been dismissed). As we have said, it is apparent that the district court had no ancillary jurisdiction over Niro's motion, and the district court did not purport to assert ancillary jurisdiction over that motion. But even if the district court somehow was entitled to entertain Niro's motion on a theory of ancillary jurisdiction, the district court would not be exercising jurisdiction pursuant to Section 1338. Congress has codified the various forms of ancillary and pendent jurisdiction in the supplemental jurisdiction statute, 28 U.S.C. 1367. Indeed, Section 1367 was the only jurisdictional provision that Niro invoked in support of its motion. See note 6, *supra*.

In this case, therefore—assuming, contrary to our submission, that the district court did have jurisdiction—the only possible statutory basis for jurisdiction over Niro's motion was Section 1367, not Section 1338. The Federal Circuit therefore had no jurisdiction over the appeal. We of course recognize that, in some instances, the Federal Circuit should be able to hear cases in which jurisdiction over certain claims is based on Section 1367. If the Federal Circuit has before it, in a single appeal, both a claim arising under the patent laws and a related claim that was within the district court's supplemental jurisdiction, the Federal Circuit would be able to decide both claims. This follows from the language

of 28 U.S.C. 1295(a)(1), which authorizes the Federal Circuit to exercise jurisdiction when a district court's jurisdiction was based "in whole or in part" on Section 1338.

In this case, however, the aspects of the case that arose under the patent laws were completely concluded by the time the case reached the Federal Circuit. The only matter before the district court was unrelated to the patent laws. The Federal Circuit therefore lacked jurisdiction over the appeal.

IV. This Case Is Appropriate For This Court's Review.

The issue presented by this case is certain to recur. Indeed, at least three other cases essentially identical to this one—cases in which attorneys who were not parties to the prior federal litigation sought injunctions against state court malpractice actions—have reached other courts of appeals. See *Thomas v. Powell, supra; Golden v. Pacific Maritime Ass'n*, 786 F. 2d 1425 (9th Cir. 1986); *Hutton Constr. Co., Inc. v. International Fidelity*, No. 97-7868, 1998 WL 398811 (2d Cir. Apr. 21, 1998). Those courts upheld the injunctions, interpreting the "necessary to effectuate or protect judgments" exception to the Anti-Injunction Act, as the courts below did, to incorporate preclusion doctrines wholesale. See, *e.g., Golden*, 786 F. 2d at 1427-28. Other court of appeals decisions, also involving injunctions sought by nonparties to the prior litigation, have interpreted the Anti-Injunction Act in this way, as well. See, *e.g., Staffer*, 878 F. 2d at 644-45.

On the other hand, there are court of appeals decision that have taken a more restrained view, carefully finding, as a predicate for holding that the Anti-Injunction Act exception applied, that the federal court injunction "did nothing more than enforce" the prior federal judgment. See, *e.g., In re Prudential Ins. Co. Sales Practice Litig.*, 261 F. 3d 355, 370 (3d Cir. 2001); see also *Quintero v. Klaveness Ship Lines*, 914 F. 2d 717, 721 (5th Cir. 1990),

cert. denied, 499 U.S. 925 (1991); *California v. Randtron*, 284 F. 3d 969, 975 (9th Cir. 2002) (emphasis added; citation omitted): "A relitigation injunction is proper *where a federal litigant has prevailed on the merits, but is threatened with burdensome and repetitious relitigation* of the same issues in subsequent actions."

Because the position taken by the district court in this case has become entrenched in other courts of appeals that wrote opinions supporting their conclusion, it should not matter that the court of appeals below disposed of this case summarily. In any event, under the Rules of the Federal Circuit, the court of appeals' summary affirmance of the district court's decision denotes agreement with the district court's analysis of the Anti-Injunction Act and jurisdictional issues. See Fed. Cir. R. 36(e) (affirmance without opinion is appropriate when "a judgment or decision has been entered without an error of law"). In *Kekkonen v. Guardian Life Insurance Co., supra*—a case, like this one, in which a federal district court, concerned that state courts might not adequately implement its rulings, overreached its authority and asserted power it did not have—this Court granted review even though the court of appeals' decision was unpublished and even though, so far as appears from this Court's opinion, there was no conflict in the circuits. See 511 U.S. at 377.

Finally, the erroneous construction of the Anti-Injunction Act by some lower courts appears to be the product of those courts' misinterpretation of statements in this Court's opinions. In particular, in *Chick Kam Choo v. Exxon Corp., supra*, this Court remarked that the "necessary to effectuate or protect judgments" exception to the Anti-Injunction Act "was designed to permit a federal court to prevent state litigation of an issue that previously was presented to and decided by the federal court." 486 U.S. at 147. The Court added that the exception "is founded in the well-recognized concepts of *res judicata* and collateral estoppel." *Ibid.* Some lower courts

have taken these remarks as license to treat the Anti-Injunction Act exception as if it simply embodied those defenses and allowed an injunction to issue against any state relitigation of a federal court's finding of fact or conclusion of law, irrespective of whether there was any need to "protect or effectuate" a "judgment." See, *e.g.*, *Thomas*, 247 F. 3d at 262-63; *Kidder, Peabody & Co., Inc. v. Maxus Energy Corp.*, 925 F. 2d 556, 565 (2d Cir.), cert. denied, 501 U.S. 1248 (1991); see also *Wesch v. Folsom*, 6 F. 3d 1465, 1471 (11th Cir. 1993), cert. denied, 510 U.S. 1046 (1994) (applying *state* res judicata principles in interpreting exception).

In *Chick Kam Choo*, this Court was careful to say that prior litigation of the issue was a necessary condition, not a sufficient condition, for the application of the exception; prior litigation was, in the Court's words, "an essential *prerequisite*" for applying this exception. 486 U.S. at 148 (emphasis added). The Court never said that the exception applied whenever a claimant had a valid preclusion defense. The lower courts, however, have misinterpreted this Court's reference to the preclusion defenses as equating the exception with those defenses. The result has been an expansion of the exception in a way that cannot be squared with its language or history, or, as we have said, with basic principles of judicial federalism. Given the developments in the lower courts, and the fact that this Court's language is playing a role in those developments that the Court could not have intended, this Court should intervene now: it is unlikely that a court of appeals will issue an opinion that explicitly conflicts with a trend in the lower courts that appears to be (although it is not in fact) supported by this Court's language in *Chick Kam Choo*.

It is not surprising that federal district judges, like the judge below, might overreach on behalf of a party who is asserting a preclusion defense in state court. It is a natural instinct for a federal judge to think that issues concerning the

preclusive effect of that judge's rulings are uniquely within his or her competence and should not be left to another judge—in this case, to the judges of the state court system. That is perhaps why, in a number of recent cases, this Court has had to overturn the decisions of lower federal courts that wrongly asserted the power to displace state courts when an issue arose about the preclusive effect of a federal judgment.

That was true, for example, in *Rivet v. Regions Bank*, 522 U.S. 470 (1998), which involved an effort to remove a case on preclusion grounds, see 28 U.S.C. 1441; in *Syngenta Crop Protection, Inc. v. Henson*, 537 U.S. 28 (2002), in which the lower court erroneously relied on the All-Writs Act, 28 U.S.C. 1651, to take an issue away from the state courts; and in *Kokkonen v. Guardian Life Insurance Co. supra,* and *Peacock v. Thomas, supra,* which concerned the scope of ancillary jurisdiction. In each of those cases, the party seeking federal intervention on preclusion grounds had a far more plausible claim to federal judicial protection than Niro does. But in each of those cases, the Court granted review to make clear that the text of the relevant statutes, and the basic principles of judicial federalism, continue to apply, even when a judge believes that his or her own rulings may not receive sufficient deference. The misinterpretation of the Anti-Injunction Act, exemplified by the decisions of the courts below, is the latest manifestation of this tendency. This Court should grant review to correct it.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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August 11, 2003

APPENDIX A

UNITED STATES COURT OF APPEALS,
FEDERAL CIRCUIT.

No. 02-1432, 02-1466
May 12, 2003

DR. SAKHARAM D. MAHURKAR,
Plaintiff-Appellant,

v.

C.R. BARD, INC.,
Defendant,

v.

NIRO, SCAVONE, HALLER, & NIRO,
Movant-Cross Appellant.

On Appeal from the United States
District Court, Northern District of Illinois,
96-CV-1871.

Before MAYER, Chief Judge, MICHEL and RADER, Circuit Judges.

Judgment

PER CURIAM.

This CAUSE having been heard and considered, it is ORDERED and ADJUDGED:

AFFIRMED. See Fed. Cir. R. 36.

APPENDIX B

UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF ILLINOIS,
EASTERN DIVISION

No.96 C 1871, No. 92 C 4803

DR. SAKHARAM D. MAHURKAR,
Plaintiff,

v.

C.R. BARD, INC.,
Defendant.

DR. SAKHARAM D. MAHURKAR,
Plaintiff,

v.

C.R. BARD, INC., D/B/A DAVOL,
Defendant.

May 10, 2002, Decided
May 10, 2002, Filed

James B. Zagel, United States District Judge.

REVISED MEMORANDUM OPINION AND ORDER

Questions of who said what when have played an important role in the disputes between Dr. Sakharam D. Mahurkar and C.R. Bard, Inc. ("Bard") over whether Dr. Mahurkar settled his patent infringement dispute with Bard. The same or similar questions plague the lawsuit now pending in state court between Raymond P. Niro and the law

firm of Niro, Scavone, Haller & Niro (together, "Niro") and Dr. Mahurkar. The parties are before me now on Niro's motion to enjoin further proceedings by Dr. Mahurkar inconsistent with this Court's July 10, 1997 judgment.

The parties have strong feelings about the dispute between them and, as I remarked on April 11, 2002, their briefs on this matter reflect that emotion. The exercise of that emotion at times complicated and clouded the issue. So, in my April 11, 2002 order, I did two things to help focus the issues. I cleared away what I called "underbrush," that is, I ruled that the procedural arguments against Niro fail and its motion is timely brought.[1] I also indicated that some form of injunctive relief is appropriate [2]—what is evident from Niro's brief, but not from the title of its motion, is that Niro seeks to enjoin Dr. Mahurkar from taking certain positions in the state court action but is not trying to enjoin the state court action in its entirety—and, to that end, ordered further briefing to determine the scope of that relief. Specifically, the questions to be answered are what Dr. Mahurkar actually wants to say in the state court proceeding and whether what he wants to say is precluded by the factual findings I made in 1997.[3]

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[1] There is no question that I have jurisdiction in this matter pursuant to the Anti-Injunction Act, 28 U.S.C. §2283, which permits a district court to enjoin a state court proceeding to "protect or effectuate its judgments." *See, e.g., Harper Plastics, Inc. v. Amoco Chemicals Corp.*, 657 F.2d 939 (7th Cir. 1981).

[2] There is no prohibition on non-mutual issue preclusion in the Anti-Injunction Act and, accordingly, this does not prevent Niro from seeking its injunction. Although the injunction would be in favor of Niro, who was not a party to *Mahurkar v. Bard*, what matters is that Dr. Mahurkar was a party in that action.

[3] I do not find persuasive Niro's argument that the entire claim is precluded and, accordingly, will focus on whether particular issues are precluded.

In order that an issue be precluded from litigation in a state proceeding, it must actually have been decided by the federal court. *Chick Kam Choo v. Exxon Corp.*, 486 U.S. 140, 100 L. Ed. 2d 127, 108 S. Ct. 1684 (1988). Further, it must be based on what the court actually said and not on what it intended to say. *Id.* at 146 (discussing *Atlantic Coast Line R.R. Co. v. Brotherhood of Locomotive Engineers*, 398 U.S. 281, 26 L. Ed. 2d 234, 90 S. Ct. 1739 (1970)). Finally, it is limited to that which is "necessary to effectuate" the court's judgment. 486 U.S. at 145. So, the relevant inquiry turns on whether an issue was "actually and necessarily determined" by this Court in my oral ruling on June 19, 1997 and the Judgment Order docketed on July 17, 1997 (the "1997 Rulings").

This inquiry begins with a determination of what Dr. Mahurkar is planning to say in the state court proceedings. In Dr. Mahurkar's own words, "the gravamen of [his] claim is not the lack of a settlement with Bard, but rather the fact that Bard would not have realized settlement had been achieved and sought to enforce the settlement but for Niro's wrongdoing." To this end, Dr. Mahurkar plans to assert that Niro (1) "tipped" Bard's attorney, Mr. Grimm, to an argument that the case had settled, which caused Bard to file its motion to enforce the settlement, (2) drafted a brief for Mr. Grimm to use against Dr. Mahurkar in enforcing the settlement, (3) otherwise engineered or orchestrated enforcement of the settlement and (4) spoilated evidence. Further, Dr. Mahurkar plans to advance the theory that he is entitled to seek attorneys' fees and enhanced damages because he would have been awarded them had the settlement not been enforced (which is obviously a matter of some speculation).

As a general matter, an issue that was "actually and necessarily determined" by this Court is that Dr. Mahurkar in June 1996 had reached a settlement with Bard of two lawsuits (Nos. 92 C 4803 and 96 C 1871). It was also "actually and necessarily determined" that Dr. Mahurkar gave Mr. Niro

authority to enter into the settlement and gave written approval over the terms of the deal. In Dr. Mahurkar's own words, which I quoted then as now, "I signed it. I settled it. There is no question about authorizing the attorney." Accordingly, Dr. Mahurkar is precluded from claiming in the state court proceedings that Dr. Mahurkar and Bard did not reach a settlement of the two lawsuits. He is further precluded from claiming that he did not understand, agree to or authorize the settlement of the two lawsuits. Although Dr. Mahurkar did not claim in his supplemental brief that he intended to make such claims, there was some previous confusion between the parties on this matter that might not have been cleared up by the supplemental briefs and, accordingly, it warrants a clear statement of the issue.

Dr. Mahurkar's claims regarding whether Niro "tipped" Mr. Grimm to the settlement, assisted him in enforcing such settlement and spoilated evidence were not litigated in 1997 and there is nothing in my explicit rulings to preclude him from making these claims in state court. The more difficult issue is whether he is precluded from raising the claims because he did not raise them when he challenged the enforcement of the settlement. One can see why he would not raise these matters before me. The claim is inherently weak in its causation component—it borders on the ridiculous to suppose that Mr. Grimm would need the assistance of Mr. Niro to inspire him to seek to enforce the settlement. It was in Bard's interest to enforce the settlement. It is also difficult to believe that Mr. Grimm would require the assistance of Mr. Niro to devise arguments to advance his position that the case was settled. On the other hand, the evidence would have been useful to show that Mr. Niro was not faithful to his former client and therefore not to be believed when he said that a settlement had been reached. In the end, I conclude that Dr. Mahurkar cannot be precluded from raising these matters in state court. Dr. Mahurkar's failure to raise it is not the equivalent of a failure to offer a defense or to make a claim, it

is merely a failure to use evidence that might have helped him. He is not precluded from using it in another case based upon a different theory. It is for the state court to determine whether the causation aspect of the state claim is strong enough to justify its submission to the trier of fact.

Finally, in connection with Dr. Mahurkar's theory that he is entitled to seek attorneys' fees and enhanced damages because he would have been awarded them had the settlement not been enforced, I find nothing in my 1997 Rulings to prevent him from using this as a measure of damages against Niro (assuming he sustains a malpractice claim against Niro). I recognize that I know, at least in part, the answer to these questions: what fees would have been awarded [4] and whether enhanced damages would have been awarded and, if so, in what amounts. I do not answer these questions because, under our legal structure, if liability is established, those questions are properly answered by another judge or a jury that will tell both Dr. Mahurkar and Mr. Niro (and, indirectly, me) what it was I would have done. It is one of the wonders of the law.

Niro's motion to enjoin further proceedings by Dr. Mahurkar inconsistent with this Court's July 10, 1997 judgment is GRANTED in part and DENIED in part.

Niro's motion for clarification of the Court's Memorandum Opinion and Order is GRANTED.

James B. Zagel
United States District Judge
DATE: 5-10-02

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[4] I had ruled that Dr. Mahurkar was entitled to some portion of his fees though I had expressed a provisional view (which is dicta) that not all of the fees should be paid.

APPENDIX C

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DR. SAKHARAM D. MAHURKAR,) Civil Action No. 96 C 1871
Plaintiff,) Honorable James B. Zagel

vs.

C.R. BARD, INC.,
Defendant.

DR. SAKHARAM D. MAHURKAR,) Civil Action No. 92 C 4803
Plaintiff,) Honorable James B. Zagel

vs.

C.R. BARD, INC., D/B/A DAVOL,) Chicago, Illinois
Defendant.) Thursday, April 11, 2002
10:15 o'clock a.m.
Room 2103

REPORT OF PROCEEDINGS BEFORE THE
HONORABLE JAMES B ZAGEL

THE CLERK: 92 C 4803 Mahurkar versus Bard 96 C 1871, Mahurkar versus Bard.

MR PFLAUM: Good morning, your Honor, Steven Pflaum for Dr Mahurkar.

MR VICKREY: Good morning, your Honor, Paul Vickrey for the movant. I apologize for being tardy.

THE COURT: I have read these briefs. I have one comment to make and I am not reluctant to make this comment.

The debate I had with myself is whether I ought to put it in writing and publish it; I decided not to do so.

To some extent, Dr. Mahurkar's brief is an offense against civility. The language in it I regard as extraordinary. It really doesn't do you much good to refer to the opposing party as a "schoolyard bully." I was also struck by footnote six which characterizes Mahurkar as "a vulnerable Indian immigrant layman with serious haalth problems and English is his second language." I heard Dr. Mahurkar in this case. I would not call him vulnerable. He is a man I think, who has many millions of dollars. He is highly educated, and although English is quite clearly his second language I saw him spend two days, perhaps more, on the witness stand charming a jury of native English speakers and he didn't use a translator.

I also am not pleased at the argument made which relies heavily on the personal merits of the State Court Judge in this case. An assessment of his personal merits in which I am not in disagreement, as might be apparent to both of you in Judge Preston's comments, and mine today. Judge Preston and I have known each other for many years, from the time he served in the State Legislature and when I was an officer of the State of Illinois. But the truth of the matter is these rules which require deference and comity require deference and comity even if the State Court Judge is an idiot. So it doesn't make the case any better if it is Judge Preston or if it "Judge Idiot."

There is, however something that requires further briefing on this, and it will be fairly short in nature. In the way of getting to it I am going to clear away some of what I regard as underbrush. It may very well be that what I regard as underbrush some higher Court might regard as crucial, but I think of it as underbrush.

I think all of the procedural arguments against the entitlements of movants, which I will call the "Niro movants"

failed. I believe Dr. Mahurkar is bound by the factual findings that I made. I don't think they are too late in filing them. This would be, perhaps, a stronger argument if we were not faced with a case in which the movants here had asked for me to bring the state proceedings to a complete halt. And there are, actually, long passages in Dr. Mahurkar's brief that seem to operate on the premise that that is what they asked for, and it is quite clearly not what they have asked for

What they are basically asking is for me to enjoin Dr. Mahurkar from taking certain positions on certain matters in the State Court, which they have laid out in table format in Exhibit V as in "Victor" in their reply. I believe at least to some extent, they are entitled to an injunction. But because of the nature of the briefing in this case, and because of the procedural issues which were raised—and I don't blame them for being raised. I am troubled by the language which was used but the fact that they were raised is perfectly appropriate.

There was too little time and effort directed towards the question of what it was that Dr. Mahurkar actually wants to say in State Court and whether or not what he wants to say is barred by my factual findings. So I am going to insist on additional briefing on a very short schedule because I would like to reach a conclusion in time for Judge Preston to be aware of it, usefully aware of it; the morning of trial is not useful.

That is, essentially, the issue that I wanted addressed, and it should be addressed in contexts, but only one is necessary for me. The other is the advice to counsel as to how they want to proceed.

The context that must be dealt with is the question of what it is that Dr. Mahurkar is barred from saying in Court. The positions he is barred from taking in State Court. With respect to this I want Dr. Mahurkar to file the first brief by

next Tuesday. I want the Niro movants' response by the Monday after that.

The other context which is something that I noted before in reading the brief but I have not commented on until this moment is I am not precisely sure what the purpose of this motion is. In reading these papers I am wondering how it is that Dr. Mahurkar gets to his position today which may very well be in State Court.

I did settle the case but did so as a result of malpractice—from his position before me which is did not settle the case some years earlier. Much of which Dr. Mahurkar has to say with respect to what occurred in this Court, is evidence which for all I know the Niro movants would actually affirmatively introduce into the State Court proceedings because they represent certain inconsistencies in Mahurkar's views.

But that is for the lawyers to deal with. If I enter an injunction, which it appears that I will, it is for Judge Preston to decide, if the Niro movants want to introduce part of the evidence that I have enjoined, whether it is a fair thing in context of the State trial to allow the Niro movants to select some parts of the injunction to waive and preserve others

Lastly, the argument that the Niro movants make that I find unpersuasive and this is relevant to the nature of the injunction, the argument that what Mahurkar seeks in State Court are damages under patent law. Or Mahurkar's answer to this seems to me to be persuasive. His answer, as I understand it is the damages are for malpractice. The measure of damages is to be found in the patent case and quite clearly, I think and quite consistent with the rulings that I have made in this case is that he would be entitled, for example, to take the position that he did settle the case—he is not disputing that he settled the case, but he got very bad advice and one measure of damages which I think is clearly

available to him is whatever the attorneys' fees might be, because I have expressed my view on that.

There may be a subtler question to be addressed as to whether the other form of damages, the exemplary damages, the further damages that are called for that are part of Mahurkar's theory in State Court are, in fact, in the context of this case, available to you. So that issue, too, is to be addressed.

To recap: I want Dr. Mahurkar in the next brief to address what it is that. they think is wrong with Exhibit V—as in "Victor"—attached to the reply; to specify what it is they do intend to do in State Court that they regard as consistent with my ruling and to address the question of the appropriateness of one of the two measures of damages, that is the nonattorneys' fee aspect of damages in the context of my ruling. The Niro movants can respond to that.

You can infer that necessary to my statements today is the fact that I have concluded that the Niro movants are entitled to some injunctive relief and that all that is left is the scope of it. That should be noted for the record, so that I don't wind up with a bunch of extra pages, that I will not regard Dr. Mahurkar's briefing on the question which I have raised as a waiver of any of his objections to the injunctive relief in the first place.

So you don't have to reargue it. You can just open your brief by saying—operating on the assumption that they are entitled to it—an assumption to which we object. Before they are entitled to some relief this is what they are stuck with—or, I suppose you can argue that it is nothing, they are entitled to nothing, but I think that that would not likely carry the day.

I will probably enter a written ruling on this, or I will make a statement in open Court as to my precise basis, because obviously it may be of some use to Judge Preston.

With that, we are done.

MR. VICKREY: Thank you.

MR PFLAUM: Your Honor. I have tried to take good notes. I think I have taken pretty good notes of what you have said today, perhaps with the help of looking at the transcript. I know I need to file the brief by Tuesday, so I am hoping.

THE COURT: Mr Lisanti will, I'm sure, provide it to you very quickly.

MR PFLAUM: Thank you, your Honor.

MR VICKPLEY: Thank you, your Honor.

APPENDIX D

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DR. SAKHARAM D. MAHURKAR,) Civil Action No. 96 C 1871
Plaintiff,) Honorable James B. Zagel

v.

C.R. BARD, INC.,
Defendant.

DR. SAKHARAM D. MAHURKAR,) Civil Action No. 92 C 4803
Plaintiff,) Honorable James B. Zagel

vs.

C.R. BARD, INC., D/B/A DAVOL,)
Defendant.)

JUDGMENT ORDER

These two matters coming before the Court on defendant, Bard's Inc.'s., motion to enforce settlement agreement. The Court after conducting a full evidentiary hearing, having heard evidence and witnesses thereon, and having reviewed the parties' written submissions, hereby ORDERS, ADJUDGES, AND DECREES as follows:

1. This Court had jurisdiction over the parties and subject matter of both Civil Actions.

2. United States Patent No. 4,808,155 (the "'155 patent") entitled "Simple Double Lumen Catheter", owned by Dr. Mahurkar, was found valid and infringed in Case Number 92 C 4803.

3. Bard filed a motion to enforce settlement agreement alleging that a settlement was reached by the parties, through authorized attorneys, in June 1996 to resolve both matters pending before this court.

4. After consideration of written submissions from both parties and after full evidentiary hearing on the merits of Bard's motion to enforce settlement agreement, this Court finds that the parties, through authorized attorneys, reached a settlement agreement in June of 1996 to settle both matters pending before this Court. This settlement agreement includes an agreement to enter an Agreed Order and also includes a license agreement between Dr. Mahurkar and Bard. The terms of the settlement agreement are set forth in an Agreed Order and License Agreement signed by Dr. Mahurkar and his attorney on June 24, 1996. This Court's factual findings and decision relating to Bard's motion to enforce settlement was set forth in an oral ruling in open court on June 19, 1997.

5. Accordingly, the Court enters this Judgment Order nunc pro tunc to June 24, 1996.

6. Bard has represented that its sales of the accused product in both catheter and kit form, from October 15, 1994 through May 31, 1997 has been $14,544,214. Based upon that representation, Bard shall pay Dr. Mahurker $4,824,393 to which represents a royalty of 25.88% with prejudgment interest in the amount of $255,174.57.

7. Dr. Mahurkar shall have the right to conduct an independent audit at his expense to confirm the accuracy of Bard's representation of the volume of its sales of the accused product within 90 days of the date of this Order. If such an audit shows a discrepancy in the amount of sales represented by Bard, Dr. Mahurkar shall have the right to seek relief before this Court to adjust the amount due him based upon a 25.88% royalty and the appropriate prejudgment interest rates.

8. Pursuant to the parties' settlement agreement, Bard agrees to accept, and Dr. Mahurkar agrees to grant, a license to Bard under the '155 patent for the life of the patent The terms of this license agreement are set forth in the license agreement signed by Dr. Mahurkar on June 24, 1996 and signed by Bard on December 12, 1996.

9. All claims and counterclaims of the parties in both matters are hereby dismissed with prejudice.

10. Plaintiff's motions for summary judgment on infringement, willfulness, increased damages and attorneys fees are hereby denied as moot.

The Court's July 24, 1996 order granting Plaintiff's motion for recovery of attorney's fees is hereby vacated. Plaintiff's Motion For Recovery Of Specific Attorneys' Fees As Allowed By This Court's Order In Its July 24, 1996 Order is hereby denied as moot. Each party shall bear their own attorneys fees.

12. Each party shall bear their own costs.

13. This Court shall retain jurisdiction over the parties for the purpose of enforcing this.

Dated: 10 July 1997 /s/ James B. Zagel
United States District Judge

APPENDIX E

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DR. SAKHARAM D. MAHURKAR,) No. 96 C 1871
Plaintiff,) Chicago, Illinois
June 19, 1997
12:15 p.m.
Motion Hearing/Ruling

v.

C.R. BARD, INC.,
Defendant.

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE JAMES B. ZAGEL

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THE CLERK: 96 C 1871, Mahurkar versus C R. Bard.

THE COURT: I have read the post-hearing memoranda, both sides. I have reread actually most of the briefs that were filed before this time, and I have looked more than once at each exhibit.

Does anybody have any last words?

MR. PERKINS: I don't know if that's a good sign or a bad sign.

MR. GRIMM: Do you have any questions, Your Honor?

THE COURT: No. If I had only looked at the exhibits once, I might have had a question. Had I only read the closing argument portions once, I might have had a question. But I read them more than once.

The reason I read them more than once is that this case is not free from difficulty and both sides have something to say.

I sometimes wonder whether we haven't done ourselves a disservice by instructing all lawyers, as we do instruct pretty much all lawyers, to write briefs which say clearly my side wins as opposed to saying, gee, it's a really close case, but on balance we think we win. If our ethos had been to write it in the second way, I suspect that the briefs from both sides would have adopted that tone.

But I will make my ruling now. It is an oral ruling. I am speaking from notes. The ruling is not short, but it's not that long. If you want to sit, you can.

I find there was an agreement here. All that was at issue—and I use "issue" in a special way here—was the meaning of what I regard as a relatively minor aspect of the agreement covering a contingency that might never occur and the two lawyers agreed on what that clause meant.

One proposed greater specificity in the language and the other consented. Neither thought there was any change in the agreement. Bard's attorney disagreed with what he mistakenly thought was Mahurkar's interpretation of certain language. He did not disagree with the true meaning.

In any event, so far as I can tell from the papers, the ultimate bone of contention over the meaning of section 3 B and what it might mean strikes me in the context of this to be inmaterial. There is, at most, a dispute over one clause, an inchoate dispute because we do not know whether the event which triggers the clause will ever occur, which is termination of the license, in my view, during the middle of a contract year or some part of a contract year.

The reason this is inchoate is not only do we not know whether the event will occur, we do not know whether Bard will refuse to comply with the interpretation of the contract, and, indeed, the possible interpretation of the contract is one which we do not know whether Dr. Mahurkar will adopt, and that has to do with whether if the license is terminated in the middle of a contract here, whether the entire annual minimum royalty is due or has to be prorated.

In the context of this agreement as a whole this potential disagreement is inmaterial. Absolute clarity of every possible contingency is not a requirement of contract. It is, in fact, impossible to achieve. And that is assuming there is disagreement. I have already indicated that I believe that even the meaning of that clause was agreed upon, although I'm not ruling that for reasons which I will state in a moment.

After the lawyers' discusion as to the meaning of section 3B, there was a lot more communication and many letters, but all that goes on after Dr. Mahurkar's told about the discussion of the meaning of this section is in fact not discussion about settlement of the underlying dispute, it is discussion in fact about the settlement of a possible motion to enforce the settlement.

There is no question that what occurred here is not the ordinary course of an agreement, which was the witness Mayer's conclusion, and to the extent that that's his conclusion, the conclusion is in my view quite true.

It is also his premise for the further conclusion that there was no agreement at all, but to say something is nonstandard is not the same thing as to say that it did not occur. To say that a process was nonstandard in reaching agreement is not the same thing as saying there was no agreement.

As my opening remarks indicated, there is no question that what occurred here is worth a close look, indeed, the very reason for the hearing. Both sides have made decent arguments. Neither the arguments, nor the various documents and timetables offered by the parties compel a conclusion. The witnesses had to be heard, and the reliability and accuracy of their testimony had to be determined.

If I believe the witnesses Niro and Grimm, there is an oral agreement, the terms of which were embodied in a written document signed by Dr. Mahurkar.

I do not think that the June 24 paper signed by Dr. Mahurkar was an offer which Bard then rejected. The agreement was made before the time the paper was sent, indeed, before the time probably the paper was created.

I don't mean by saying this that I regard the document as insignificant. I think both parties would have preferred that their agreement be embodied in a written document signed by both parties, but the agreement existed without it, and I find that an oral settlement of a patent litigation, the effect of which is to grant a patent license, is permissible.

I find nothing, incidentally, that indicates that the practice of both Mr. Grimm and Mr. Niro is conferring with their client diminishes or precludes the finding that they had authority to make the settlement that they did make. Granted

authority is neither in my view augmented nor diminished by the absence of consultation or the presence of consultation of the client on the details or even on every detail.

Which brings me to the basic point, which is the credibility judgment. I believe Mr. Niro and I find that Dr. Mahurkar did give general authority and, indeed, specific authority to enter into the agreement that Dr. Mahurkar signed. The clearest indication of the grant of authority, other than the testimony of Niro, is the fact that Dr. Mahurkar signed the document which embodied the oral agreement.

The history of the deal shows that the life of patent conditions asserted by Dr. Mahurkar was abandoned by him on June 24th after having previously been asserted. And I believe that Mr. Grimm had authority to accept the agreement and did so.

Indeed, there was a basic agreement on all terms by June 15th except for the life of patent minimum payment condition. Dr. Mahurkar's abandonment of this corroborates the fact of Bard's acceptance.

I reiterate that it is not the papers here that decide this case; it is my assessment of the credibility of the testimony that I heard, the testimony of honorable and distinguished men.

I note that in deciding to reject Dr. Mahurkar's version of events as it conflicts with Mr. Niro's version, I do not find that Dr. Mahurkar has deliberately lied to this court. I simply do not trust the accuracy of his memory of events in this regard. I find that he changed his mind, and with that his memory was changed as well.

It is true that Mr. Niro may have some bias because of his contract dispute with Dr. Mahurkar, but I do not think it led him into mistaken recollection of the facts or a deliberate misstatement of the facts.

To the extent that Mr. Grimm had a personal interest in this matter, which in theory is a source of bias, it's difficult to assess exactly what his interest might be because his interest might very well be served by prolonging rather than shortening this litigation.

I reiterate again that this is not a case in which the testimony and the exhibits present a seamless web supporting only one result. There is, as Dr. Mahurkar's counsel pointed out, language in some documents which is suggestive that the settlement had not been reached. There is language about settlements to be made rather than those already made.

But I find, as I have said before, that this was an attempt to settle the settlement dispute and not an attempt to settle the underlying case, an attempt to reach true peace rather than a judicial enforced peace.

There is the note of the telephonic message from Mr. Grimm, but its content and the correct nature of its transcription I find to be doubtful, and I find that Mr. Grimm's account of the substance of what he intended to convey in that telephone message is correct.

I find as a matter of fact that neither Dr. Mahurkar or Bard insisted on a written document signed by both sides. At most, Dr. Mahurkar insisted that he sign before there was an agreement, and he did sign, and I find that he did understand the material meanings of what it is he has signed.

Mr. Niro had authority to enter into this settlement. He says he did; I believe him. Circumstance and his conduct support this as well as the nature of the agreement known to and approved bt Dr. Mahurkar.

Most importantly from Bard's perspective, he clearly acted within his authority. They had not only his word and the course of conduct of the litigation to back this up, they had Dr. Mahurkar's written approval of the terms of the deal.

Even Dr. Mahurkar understood this in his testimony when he said, and I quote, "I signed it. I settled it. There is no question about authorizing the attorney."

I also find that Dr. Mahurkar did understand the agreement he had entered. I am willing to accept that his consent and agreement was reluctant; it was, nonetheless, consent and agreement.

I find that Mr. Grimm had authority to accept it. Bard knew what he was doing, and Bard told him to settle the case.

In conclusion, I find there was an agreement for settlement of this case, that it was properly understood by both parties, and that it is enforceable and in equity and law ought to be enforced.

I grant the motion to enforce the settlement agreement as memorialized in the June 4th document signed by Dr. Mahurkar, which I regard as a memorialization of an agreement. I decline to decide the precise issue of the meaning of section 3 B because to do so would be giving an advisory reading.

The minute order shall read for the reasons stated in open court the motion to enforce the settlement agreement is granted.

I give leave to Bard to amend its pleadings to conform with the proofs. Bard shall prepare and serve upon Dr. Mahurkar within seven days a draft order of judgment. The parties shall appear on June 27th at 10:00 a.m. to discuss the form of that order.

Thank you, counsel.

Mr. Grimm: Thank you, your Honor.

Supreme Court, U.S.
FILED
SEP 15 2003
OFFICE OF THE CLERK

No. 03-234

In the Supreme Court of the United States

DR. SAKHARAM D. MAHURKAR,

Plaintiff-Petitioner,

v.

C.R. BARD, INC.,

Defendant,

v.

NIRO, SCAVONE, HALLER & NIRO,

Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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15 pp

QUESTION PRESENTED

Whether a Federal Court can issue an order under the Anti-Injunction Act, 28 U.S.C. § 2283, to effectuate its judgment by enjoining re-litigation of issues in subsequent state court proceedings.

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a) is unreported. The order of the district court (Pet. App. 2a-6a) is reported at 209 F. Supp. 2d 911.

This Court denied certiorari in a prior related proceeding at 525 U.S. 1106. The unreported opinion of the court of appeals from the prior related proceedings is memorialized at 155 F.3d 574, 1998 U.S. App. LEXIS 17284. The opinion of the district court from the prior related proceedings (Pet. App. 13a-15a; Pet. App. 16a-22a) are unreported.

JURISDICTION

The judgment of the court of appeals was entered on May 12, 2003. The petition for writ of certiorari was filed on August 11, 2003. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTES INVOLVED

The Anti-Injunction Act, 28 U.S.C. § 2283, provides:

> A court of the United States may not grant an injunction to stay proceedings in a State court except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments.

The All Writs Act, 28 U.S.C. § 1651, provides in part:

> (a) The Supreme Court and all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law.

STATEMENT

This is not Dr. Mahurkar's first petition for *certiorari* in this case. In 1998, the Federal Circuit, writing *per curiam*, rejected Dr. Mahurkar's argument that he had not agreed to settle the *Bard* lawsuits by granting a license to Bard; that unpublished decision is memorialized at 155 F.3d 574, 1998 U.S. App. LEXIS 17284 (Fed. Cir. 1998). This Court subsequently denied Dr. Mahurkar's petition for *certiorari* from that decision, see 525 U.S. 1106 (1999).

Dr. Mahurkar's current petition is no more worthy of this Court's attention—in fact, it is nothing more than another episode in Dr. Mahurkar's five-year-long struggle to escape the consequences of his own, voluntary agreement to settle his patent infringement lawsuits against Bard.

From 1986 through August 1996, Raymond Niro and his firm Niro, Scavone, Haller & Niro successfully represented Dr. Mahurkar in twelve different lawsuits. The Niro firm won every one of those lawsuits, earning Dr. Mahurkar more than $30 million and preserving a royalty flow to Dr. Mahurkar in excess of $60 million. Many of the lawsuits settled favorably and two trials went to verdicts in Dr. Mahurkar's favor. Among the recoveries obtained by the Niro firm for Dr. Mahurkar was $4.2 million from a lawsuit filed by Dr. Mahurkar against C.R. Bard, an award representing a ***25.88% royalty*** on net sales of Bard's chronic hemodialysis catheters, much more than anyone else licensed by Dr. Mahurkar has ever paid.

Three successful appeals were taken by the Niro firm to the Federal Circuit, including the first (1996) appeal upholding the finding of patent infringement in the lawsuits against Bard, in which Dr. Mahurkar was represented by the Niro firm. See 79 F.3d 1572, 38 U.S.P.Q.2d (BNA) 1288 (Fed. Cir. 1996). After that successful appeal,

Dr. Mahurkar terminated the Niro firm's representation because of a fee dispute.

On July 10, 1997, the district court entered a final judgment that Dr. Mahurkar had entered into a binding settlement with C.R. Bard in June 1996. That judgment came at the conclusion of a hotly contested hearing, during which Dr. Mahurkar (represented by new counsel) asserted that there was no settlement. Dr. Mahurkar argued that the Niro firm had "orchestrated" the settlement with Bard's counsel Terry Grimm; that the Niro firm assisted Mr. Grimm by giving him a draft brief in support of a motion to enforce; and that Raymond Niro testified falsely concerning the fact of a settlement having been reached with Bard. The district court concluded that there ***was*** a valid and enforceable settlement; that Dr. Mahurkar's testimony to the contrary was not credible and that Mr. Niro's and Mr. Grimm's testimony were credible. The district court entered judgment enforcing the settlement and explicitly retained jurisdiction to enforce its Order. On July 9, 1998, the Federal Circuit, writing *per curiam*, affirmed the district court's holding.

More than two years into the state-court lawsuit brought against Dr. Mahurkar by the Niro firm to resolve their fee dispute (Case No. 96 L 11767), Dr. Mahurkar brought a counterclaim against the Niro firm and Mr. Niro (who had not brought a claim against Dr. Mahurkar), alleging exactly what he had claimed unsuccessfully before the district court and before the Federal Circuit and before this Court in the second appeal: that he had not agreed to settle the *Bard* lawsuits; that the Niro firm had "engineered" the settlement and that the Niro firm had improperly assisted Bard's counsel in enforcing the settlement. Dr. Mahurkar allowed so much time to elapse before presenting his counterclaim that it was barred by the two-year Illinois statute of limitations, but saved by an Illinois state procedure that permits amendments to earlier-

filed pleadings. Then, after being denied leave to add still more counts dependent upon that argument, Dr. Mahurkar filed another state court lawsuit against the Niro firm and Mr. Niro (Case No. 02 L 001510) reiterating the argument in connection with still more complaints.

On May 6, 2002, Judge James B. Zagel, the trial judge in Dr. Mahurkar's two lawsuits against Bard, enjoined Dr. Mahurkar from relitigating in his state court cases certain key issues that Judge Zagel had previously decided. The Order enjoined Dr. Mahurkar from asserting "in the state court proceedings that Dr. Mahurkar and Bard did not reach a settlement of the two [Bard] lawsuits" or "that he [Dr. Mahurkar] did not understand, agree to or authorize the settlement of the two lawsuits."

On May 12, 2003, a panel of the Federal Circuit affirmed Judge Zagel's injunction *per curiam* in an unwritten decision pursuant to Fed. Cir. R. 36.

ARGUMENT

The decision of the court of appeals is correct and does not conflict with any decision of this Court or any other court of appeals. Further review is unwarranted. The injunction entered by Judge Zagel, and affirmed *per curiam* by the Court of Appeals for the Federal Circuit, effectively demolished Dr. Mahurkar's $29 million damage claim against the Niro firm, since his damages expert insisted again and again that Dr. Mahurkar's damage claim was based on the counter-factual assumption that Dr. Mahurkar had ***not*** agreed to settle his patent infringement claims against Bard by granting Bard a license to practice his invention:

> A My opinion was based on there not being a settlement.

(Gerstman Dep. p. 14)

Q Because you were told to assume that there was no settlement and no license, right?

A Right.

(Gerstman Dep. p. 27)

Q Why didn't you take into account Judge Zagel's opinion that there was an actual license?

A This opinion was based on a situation as if there were no actual license and as if there were no settlement. And that is the whole basis of my opinion. So why would I be taking into consideration what you are asking me to?

Q Is that why you didn't consider Judge Zagel's opinion in ruling that there was a license and there was a settlement?

A I said right in my declaration that I am—it's all based on the fact situation that there was no settlement and there was no license agreement.

(Gerstman Dep. pp. 28-29).

Trying to salvage his damage claim, Dr. Mahurkar now argues that it was the Niro firm's "fiduciary duty" to conceal the fact of settlement from the district court and from Bard. In other words, Dr. Mahurkar's claim is now that the Niro firm should pay him $29 million because, he alleges, it did not help him hide the settlement to which he had agreed.

No doubt conscious that such a claim does not show him in a very sympathetic light, Dr. Mahurkar now asks this Court to permit him to try to re-write history. Dr. Mahurkar wants another chance to bury the fact of settlement—to relitigate the very same facts concerning settlement that were before the district court and the

Federal Circuit in *Bard I* and *Bard II*, in the hope of reaching a different result in state court.

The district court very properly concluded that such relitigation had to be prohibited in order to effectuate its earlier judgments, and the Federal Circuit agreed. District Judge Zagel (who presided over the two patent infringement lawsuits and enforced Dr. Mahurkar's settlement) entered an injunction ordering simply that Dr. Mahurkar cannot now claim "in the state court proceedings that Dr. Mahurkar and Bard did not reach a settlement of the two [Bard] lawsuits" or "that he did not understand, agree to or authorize the settlement of the two lawsuits." Judge Zagel properly enjoined Dr. Mahurkar from asserting what he says he wants to tell the jury in the state court lawsuits: that he "does not believe that settlement was reached in 1996 or that Bard believed that," as he insisted in his brief to the Federal Circuit. That narrowly-drawn injunction was well within the broad discretion of the district court. Indeed, Dr. Mahurkar admits at p. 18 of his petition that the decision on which he places primary reliance, *Chick Kam Choo v. Exxon Corp.*, 486 U.S. 140 (1988), held that "the 'necessary to effectuate or protect judgments' exception to the Anti-Injunction Act 'was designed to permit a federal court to prevent state litigation of an issue that previously was presented to and decided by the federal court'" (Mahurkar Petition, p. 17, quoting *Chick Kam Choo*, 486 U.S. at 147). *See also, e.g., We Care Hair Dev., Inc. v. Engen*, 180 F.3d 838, 844 (7th Cir. 1999) (standard of appellate review is "abuse of discretion").

As Dr. Mahurkar admits, the "relitigation" exception of 28 U.S.C. § 2283 was enacted precisely to prevent such attempts to relitigate in state court issues already decided in federal court in the hope of obtaining a second bite at the apple and an inconsistent result. The Seventh Circuit has held:

28 U.S.C. § 2283 reads as follows:

> "A court of the United States may not grant an injunction to stay proceedings in a State court except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments."

The "effectuate its judgments" exception was added in 1948 to permit a federal court to enjoin relitigation in a state court of a matter determined by a judgment of the federal court, thus abrogating *Toucey v. New York Life Insurance Co., 314 U.S. 118, 86 L. Ed. 100, 62 S. Ct. 139 (1941). 28 U.S.C.A. § 2283,* Revisor's Note; 1A, Part 2 J. Moore, FEDERAL PRACTICE P0.208 [2]-[3] (2d ed. 1974); *Doe v. Ceci,* 517 F.2d 1203, 1207 (7th Cir. 1975). As Justice Reed said in his *Toucey* dissent, the alternative to allowing such injunctions "is that a federal judgment entered perhaps after years of expense in money and energy and after the production of thousands of pages of evidence comes to nothing that is final. It is to be only the basis for a plea of res judicata which is to be examined by another court, unfamiliar with the record already made, to determine whether the issues were or were not settled by the former adjudication." *314 U.S. at 144.*

Samuel C. Ennis & Co. v. Woodmar Realty Co., 542 F.2d 45, 48-49 (7th Cir. 1976); *VMS Ltd. Pshp. Sec. Litig. (In re VMS Sec. Litig.),* 103 F.3d 1317, 1323-24 (7th Cir. 1996) ("In *United States v. New York Telephone Co.*, the Supreme Court championed a federal court's power to use the Act in order 'to effectuate and prevent the frustration of or-

ders it has previously issued in its exercise of jurisdiction otherwise obtained.' *434 U.S. 159, 172, 98 S. Ct. 364, 372, 54 L. Ed. 2d 376 (1977).*") (collecting cases in which the relitigation exception has been used in this fashion). *See also, e.g., Thomas v. Powell*, 247 F.3d 260, 263-66 (D.C. Cir. 2001); *Next Level Communs. L.P. v. DSC Communs. Corp.*, 179 F.3d 244, 249 (5th Cir. 1999); *Harper Plastics, Inc. v. Amoco Chemicals Corp.*, 657 F.2d 939, 946-47 (7th Cir. 1981); Wright, Miller & Cooper, 17 FEDERAL PRACTICE AND PROCEDURE § 4226, at pp. 545-46 (1988).

Dr. Mahurkar argues that the "Anti-Injunction Act" was designed to prevent, not permit, injunctions against state court proceedings—but he ignores how the Act, 28 U.S.C. § 2283, interacts with the "All Writs Act":

> The All-Writs Act is similar in scope and operation to the Anti Injunction Act. In pertinent part, the All-Writs Act provides that:
>
> > The Supreme Court and all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law.
>
> *28 U.S.C. § 1651(a).* The All-Writs Act "acts in concert" with the Anti-Injunction Act "to permit the issuance of an injunction[.]"
>
> > [W]hile the Anti-Injunction Act does not provide positive authority for issuance of injunctions, it describes those situations where injunctions are not permitted. The All-Writs Act, by contrast, grants the federal courts the authority to issue injunctions where necessary in aid of their jurisdiction. The parallel "necessary in aid of jurisdiction" language is construed simi-

> larly in both the All-Writs Act and the Anti-Injunction Act.
>
> *Carlough [v. Amchem Products, Inc.], 10 F.3d [189,] 201 n.9 (3d Cir. 1993).*

In re Prudential Ins. Co. of Am. Sales Practice Litig., 261 F.3d 355, 365 (3d Cir. 2001).

Perhaps most tellingly, Dr. Mahurkar admits in his petition to this Court that other courts of appeals—which include the Second, Fifth, Seventh, Ninth and D.C. Circuits as well as the Federal Circuit—agree that such injunctions are proper (Mahurkar Pet., pp. 16-17). Dr. Mahurkar even complains that these holdings have become "entrenched" (*id.* at 17), which is his euphemism for "generally accepted"—so much so, indeed, that the Federal Circuit did not even find it necessary to write an opinion in rejecting Dr. Mahurkar's arguments. No wonder; the holdings are correct. It simply makes no sense to permit relitigation in state court of issues admittedly decided in federal court. And the issue of Dr. Mahurkar's agreement to settle the *Bard* lawsuits was so decided, not just once but several times.

CONCLUSION

What, then, is left of Dr. Mahurkar's petition? Only that he would like this Court to second-guess the factual determinations of the district court and of the Federal Circuit that he seeks to relitigate an issue already decided. But, that is not the function of the Supreme Court. There is no constitutional question here; merely a litigant disappointed that he is having trouble arguing that he is entitled to collect money from his lawyers that he agreed to forego from infringers of his patent. This he cannot do. *See, e.g., Thomas*, 247 F.3d at 263-66 (affirming injunction against entire state court legal malpractice action where

plaintiff sought to collect from his lawyers money he agreed to forego in settling a federal lawsuit, even though lawyers were not parties to the federal lawsuit). There is no basis for granting Dr. Mahurkar's Petition.

Respectfully submitted,

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No. 03-234

Supreme Court, U.S.
FILED
SEP 25 2003
OFFICE OF THE CLERK

IN THE

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DR. SAKHARAM D. MAHURKAR,
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v.

NIRO, SCAVONE, HALLER & NIRO AND C.R. BARD, INC.,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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REPLY BRIEF FOR THE PETITIONER

1. Most of the Brief in Opposition is devoted to arguing that petitioner is seeking to relitigate issues decided by previous litigation, specifically issues concerning whether petitioner settled with Bard.[1] Respondent is, of course, free to make such an argument. But the argument should be made to the state court that is hearing petitioner's malpractice claim—not to this Court, and not to the federal district court. If respondent's preclusion argument is as strong as

[1] Respondent appears to suggest that petitioner has previously sought review in this Court of the issues presented in the petition. See Br. in Op. 2. This is false; the certiorari petition to which respondent refers was filed in the *Bard* litigation and did not present any of the issues we raise here. Indeed, it could not have raised the issues presented by the petition, which entered the case only by virtue of the federal district court's grant of an injunction.

respondent suggests, respondent should have done what a state court defendant routinely does when it wishes to raise a federal defense—make its arguments in the ongoing state court proceedings.

Respondent defends the district court's injunction by asserting that "it simply makes no sense to permit relitigation in state court of issues admittedly decided in federal court." Br. in Op. 9. This cavalier attitude toward fundamental principles of judicial federalism underlies respondent's entire position. The question is not whether "to permit relitigation"; it is whether the state court or the federal court is to rule on the validity of a preclusion defense, when that defense is offered in state court proceedings. And of course it does "make sense" to permit the state court resolve that issue: It is far less disruptive of the state court litigation to allow the state court to determine whether and how the result of previous litigation affects petitioner's malpractice claim. Instead, under the decision of the courts below, the state court must now accommodate itself to an injunction entered by a federal court that, of necessity, lacks a complete understanding of the state law claim. That is precisely the kind of interference with state court proceedings that the Anti-Injunction Act is designed to prevent.

2. Respondent makes no effort to explain how it is seeking to "protect or effectuate [a] judgment" of a federal court—nor could it, because it was never a party to federal litigation and never obtained a federal judgment in its favor. Respondent cites (Br. in Op. 7-8) this Court's language, in *United States v. New York Telephone Co.*, 434 U.S. 159, 172 (1977), suggesting that the Anti-Injunction Act allows a federal court to "effectuate and prevent the frustration of orders it has previously issued"—but respondent never identifies any order of any federal court that could possibly be "frustrat[ed]" by petitioner's malpractice action.

Similarly, respondent quotes at length from Third Circuit decisions discussing the All Writs Act, 28 U.S.C. 1651. See Br. in Op. 8-9, quoting *Carlough v. Amchem Products, Inc.*, 10 F. 3d 189, 201 n.9 (3d Cir. 1993) and *In re Prudential Ins. Co. Sales Practice Litig.*, 261 F. 3d 355, 365 (3d Cir. 2001). Respondent's reliance on the All Writs Act betrays the weakness of its position: As this Court has recently reiterated, the All Writs Act does not confer jurisdiction, and it does not authorize a court to disregard the limitations imposed by other statutes—in this case, by the Anti-Injunction Act. See *Syngenta Crop Protection, Inc. v. Henson*, 537 U.S. 28, 32-33 (2002), quoting *Pennsylvania Bureau of Correction v. United States Marshals Service*, 474 U.S. 34, 43 (1985).

3. Finally, respondent does not suggest that the decision below is idiosyncratic, or is unworthy of review because the court of appeals' order is unpublished. On the contrary, respondent asserts (Br. in Op. 9) that some other courts of appeals have interpreted the Anti-Injunction Act in the same way as the courts below. Because this interpretation of the Anti-Injunction Act, which has gained a foothold in the lower courts, is both erroneous and destructive of basic principles of federalism, this Court should grant review to correct it.

For these reasons and the reasons stated in the petition, the petition for a writ of certiorari should be granted.

Respectfully submitted.

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September 25, 2003